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North Indicted With Poindexter Over Iran Arms

WASHINGTON — A federal grand jury on Wednesday indicted President Ronald Reagan's former national security adviser, Rear Admiral John M. Poindexter, his assistant, Lieutenant Colonel Oliver L. North, and two arms dealers on conspiracy charges in the diversion of Iranian arms sales profits to the Nicaraguan rebels.

Klosk

Italy Turns To De Mita

ROME (Reuters) — President Francesco Cossiga asked the Christian Democratic leader, Ciriaco De Mita, on Wednesday to try to form the 48th Italian government since World War II, presidential officials announced.

Mr. Cossiga called in Mr. De Mita, 60, after three days of consultations with political leaders on how to overcome the crisis caused by the resignation last Friday of the Christian Democratic prime minister, Giovanni Goria.

Ciriaco De Mita

The officials said Mr. De Mita had accepted the mandate with reserve, a normal formula that allows him to agree up if he is unable to form a viable government.

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The grand jury said the four men "deceitfully and without legal authorization" organized, directed and concealed "a program to continue funding of and logistical and other support for military and paramilitary operations in Nicaragua by the contras" at a time U.S. law barred such action.

The indictment variously charged the defendants with conspiracy, theft of government property, obstruction of justice, false statements and the falsification, destruction and removal of documents.

The four defrauded the government "by deceitfully exploiting for their own purposes" U.S. arms sales to Iran, "rather than pursuing solely the specified governmental objectives of the initiative, including the release of Americans being held hostage in Lebanon," the grand jury said.

The indictments were issued after the independent counsel investigating the Iran-contra affair, Lawrence E. Walsh, and several of his top prosecutors made a final presentation to the grand jury.

Last week, Robert C. McFarlane, the former national security adviser, pleaded guilty to misdemeanor charges that he withheld information from Congress in 1985 and 1986 about covert Reagan administration efforts to help the contras during the ban on direct U.S. military aid.

One count said the defendants embezzled and converted to their own use proceeds generated by the weapons sales to Iran. It was reported in the indictment that the arms sales generated approximately \$30 million, while the U.S. government was paid only \$12.2 million for the weapons.

The indictment stated that the conspiracy began in late spring or early summer of 1985 and continued through at least December 1986.

The central conspiracy count charges that Admiral Poindexter, Colonel North, Mr. Secord and Mr. Hakim "together with others known and unknown" conspired to defraud the United States by obstructing lawful government functions.

The indictment said the conspiracy deprived the government "of the honest and faithful services of employees" by using the positions of Admiral Poindexter and Colonel North to generate funds for Mr. Secord and Mr. Hakim.



Mourners in Belfast comforting each other after an attack at the funeral of IRA guerrillas left three dead and at least 57 wounded.

3 Killed in Attack at IRA Funeral



A man who was later arrested in the grenade attack being cornered by those who attended the funeral.

BELFAST — Three persons were killed and more than 50 wounded in a gun and grenade attack on mourners at the funeral of three IRA guerrillas here Wednesday, the authorities said.

The funeral for the three IRA guerrillas was held amid the tight security.

Sandinist Army In Honduras, Reagan Says

In Panama, CBS Reports Noriega Stifles Coup

PANAMA CITY — An attempt against General Manuel Antonio Noriega led by the Panama City police chief failed Wednesday, a spokesman for the military leader said, and the attempt touched off widespread anti-government demonstrations in the streets.

Hours after repeated government denials of an attempted coup, a spokesman for the Panamanian Defense Forces, Major Eduardo Lopez Grimaldo, said a group of army and police officers led "an attempt to seize and control the Defense Forces headquarters."

He identified the ringleader as Colonel Leonidas Macias, the Panama City police chief and a member of the Defense Forces general staff.

Another Noriega spokesman said later that the revolt was led by officers who had just returned from the United States.

The formal Defense Forces statement said troops loyal to General Noriega put down the uprising without bloodshed. It said Colonel Macias, three army majors and one army captain were "among those detained" but did not report the total number of military and police personnel who participated.

Nearby residents heard the sharp clatter of light arms fire inside the walled headquarters of the Panamanian Defense Forces starting at about 8:15 A.M. for at least half an hour.

General Noriega walked out of his headquarters four hours after the coup attempt, saying he still was in control and describing the shots as "kisses for the journalists."

Asked about his government's lack of cash needed to pay government workers because of a U.S. freeze on Panamanian assets, General Noriega said, "Tell the gringos to give it back. They stole it from us."

See PANAMA, Page 6

U.S. Set to Send Troops

WASHINGTON — President Ronald Reagan decided Wednesday to send up to 3,000 U.S. paratroopers to Honduras, according to a CBS News report, after he accused Nicaragua of sending troops across the Honduran border.

The White House chief of staff, Howard Baker, later denied the report.

"The president has made no decisions," Mr. Baker said. "He's identifying his options. We are keeping very close touch on the situation."

CBS reported that Mr. Reagan planned to send 2,000-3,000 troops to Honduras as a show of support for its government.

The CBS report said the U.S. troops would be used in a "non-combat role" and would not be stationed near the Nicaraguan border. It said Mr. Reagan decided to deploy the troops as a "show of support" for the Honduran government.

Marlin Fitzwater, the White House spokesman, said that "everything is being considered short of invasion" by the United States in reaction to an incursion of Nicaraguan troops attacking rebel positions in Honduras.

Mr. Reagan was considering a Honduran request for assistance to repel the incursion, Mr. Fitzwater said. He said the request for aid came from President Jose Azcona Hoyo of Honduras but declined to comment on what type of assistance had been sought.

See INVADE, Page 6

NEWS ANALYSIS

Illinois: Democratic Voters Confirm Race's Balkanization

Dole Created His Downfall

By Edward Walsh
Washington Post Service
OAK BROOK, Illinois — When Senator Bob Dole left here on Tuesday, at least he knew what to expect.

U.S. Presidential Race

The Outcome in Illinois
With unofficial reports in from 99 percent of the state's 11,724 precincts, here are the results of the Tuesday primary:

REPUBLICANS		DEMOCRATS	
Bush	55%	Simon	43%
Dole	36%	Jackson	31%
Robertson	7%	Gore	17%
		Dukakis	5
		Gephardt	2

Delegates Won		
Party	Needed to nominate	Total So Far
Republicans	1,139	
Bush		61
Dole		21
Robertson		0
Democrats	2,082	
Dukakis		0
Jackson		37
Gore		0
Gephardt		0
Simon		136

Divided Convention Looms

By Paul Taylor
Washington Post Service
WASHINGTON — The Democratic voters of Illinois have emphatically reinforced the only pattern to emerge from the turmoil of 29 Democratic caucuses and primaries held so far: backyard voting.



In Panama, General Manuel Antonio Noriega, the de facto ruler, waving on Wednesday after loyal troops quashed a coup attempt.

See DOLE, Page 6

See DEMOCRATS, Page 6

U.S. Scientists Agree Man Is to Blame for Most Ozone Loss

By Philip Shabecoff
New York Times Service

WASHINGTON — Government and academic scientists who helped prepare the federal government's most authoritative ozone study to date say there is now, for the first time, a scientific consensus that man-made chemicals are responsible for much of the ozone loss.

They also said that the new findings showed that the health threat from ultraviolet radiation piercing the thinning ozone shield is a serious one and that the ozone depletion would continue.

They said it required quick international ratification of a treaty reached by 31 nations last September to restrain the use of chlorofluorocarbons and other chemicals that are destroying ozone in the upper atmosphere.

Dr. Robert T. Watson, a National Aeronautics and Space Administration scientist who was chairman of the panel of scientists that prepared the report, said on Tuesday that its findings suggested that more "draconian" measures than the

treaty may be needed to stabilize the protective ozone shield.

The federal scientists reported Tuesday that atmospheric ozone over the Northern Hemisphere had declined significantly over the last two decades.

The report reaches a conclusion similar to another study earlier this year but adds important new details on the extent of worldwide depletion of the protective ozone shield.

The study also found that loss of ozone in the Southern Hemisphere, which is most acute in springtime over Antarctica, was spreading into wider areas and that ozone levels were reduced throughout the year.

Ozone in the upper atmosphere absorbs ultraviolet rays from the sun that can cause skin cancer and eye problems. Scientists estimate that for every 1 percent decline in atmospheric ozone, 2 percent more ultraviolet radiation reaches the earth's surface.

The study was prepared by more than 100 scientists who analyzed atmospheric

measurements from both satellites and ground stations. They found that, after discounting for natural causes of depletion, such as decreased solar activity, ozone in the range of 30 degrees to 60 degrees north latitude decreased 1.7 to 3 percent from 1969 to 1986.

This area includes most of the heavily populated regions of the United States and Canada, Western Europe, the Soviet Union, China and Japan.

The ozone loss was found to be as much as 6.2 percent in the wintertime at some latitudes, more severe than had been predicted by scientific models.

An analysis published earlier this year by scientists at the University of Illinois found that global ozone levels dropped by 5 percent from 1979 to 1986. But scientists at a news conference on Tuesday said that they had made new, more accurate corrections of raw data from satellite instruments, accounting for much of the difference.

Dr. Kenneth Bowman, an author of

the Illinois study, said that the results reported in the NASA study are based on a re-calibration of data from the satellite measurements and that there was "no real disagreement" in the two studies, except that his estimates of ozone depletion were a little higher.

The ozone layer over the Antarctic declined by as much as 50 percent in September. But the study notes that ozone appears to have decreased since 1979 by 3 percent or more throughout the year at all latitudes south of 60 degrees south.

In the early 1970s, F. Sherwood Rowland and Mario Molina, scientists at the University of California, Irvine, speculated that chlorofluorocarbons, industrial chemicals widely used in refrigeration, insulating foam, solvents and aerosol propellants were remaining in the atmosphere for long periods and combining with and destroying ozone molecules. Later, halons, chemicals used in fire extinguishers, were added to the list of suspects.

That theory has now gained wide acceptance as correct.

The protocol adopted in September in Montreal would freeze the production and use of chlorofluorocarbons at 1986 levels starting in 1989 and roll back production by as much as 50 percent by 1999.

The U.S. Senate voted on Monday, 83 to 0, to approve ratification of the international agreement and President Ronald Reagan praised the vote. But the only other nation to ratify the protocol so far is Mexico.

Mr. Rowland noted, however, that because chlorofluorocarbons remain in the atmosphere for many decades, the destruction of ozone will continue after the freeze as more of the chemicals are used and released into the atmosphere.

"My own view is that we are seeing severe damage now and we know it is going to get worse because more chlorine is on its way" into the atmosphere, Mr. Rowland said.

Soviets Cut Economic Aid to Cuba, Papers Show

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — The Soviet Union is reducing its support for the Cuban economy, according to documents of the Cuban National Bank obtained by a human rights group.

For nearly three decades, the Soviet Union, which generally accounts for 80 percent of Cuba's international trade, has been Havana's principal supplier of oil, food, machinery, spare parts, chemicals and other vital materials.

Until last year, Soviet trade with Cuba was increasing by about 10 percent a year.

But the documents, which were made public Tuesday in the form of a Cuban National Bank quarterly economic report, showed that imports from the Soviet Union in the first nine months of 1987 declined for the first time in nearly three decades.

The papers were submitted Jan. 18 by Cuban officials at a meeting in Paris called by Cuba to try to reschedule its \$2.4 billion debt to Japan and Western governments — chiefly Britain, France, Spain and West Germany.

The documents were obtained by Frank Calzon, a Cuban-born Washington representative of Freedom House, a human rights organization based in New York City. A State Department spokesman said he had "no reason to believe the documents were not authentic."

Angel Pino, press attaché at the Cuban Interests Section of the Czechoslovak Embassy in Washington, did not return a phone call.

Soviet subsidies to Cuba, mainly through the supply of low-cost oil and purchases of Cuban sugar at inflated prices, have been estimated at \$4 billion to \$5 billion a year.

The Cuban National Bank document showed that imports from the Soviet Union in the first nine months of last year declined to \$3.97 billion from \$4.003 billion in the same period of 1986. The amounts are in Cuban pesos, which the bank document says are equivalent to U.S. dollars on a one-for-one basis.

The report also provides a stark picture of a deteriorating Cuban economy. Last year was "one of the worst years the country has had to face," it said, showing that economic activity had contracted by 3.5 percent while investment decreased by more than 20 percent.

Cuba owes an additional \$3.1 billion to Western banks and suppliers, giving it one of the largest external debts per capita in the world, \$2,000 per person.

The disclosure that imports from the Soviet Union are in decline was seen by some experts as evidence of important changes in Cuban-Soviet relations.

"It shows that the Soviets are starting to become conscious of the costs of subsidizing the Cuban economy," said Manuel Antonio Sanchez Pérez, a former Cuban economic official who defected in 1985 and now follows the Cuban economic scene from Madrid, where he sells computers.

Both Mr. Sanchez Pérez and a Reagan administration official, who asked not to be identified, suggested that Moscow may be signaling displeasure because the economic policies of Fidel Castro seem at variance with the perestroika, or economic restructuring, of Mikhail S. Gorbachev, the Soviet leader.

Mr. Castro has adopted "rectification," a return to straight ideology and central planning.

■ **N.Y. Bishop to Visit Cuba**

Cardinal John J. O'Connor of New York has accepted an invitation to visit Cuba. The Associated Press quoted a New York archdiocese spokesman as saying Wednesday. Although no date has been set, the spokesman said the cardinal was invited to celebrate the 200th anniversary of the birth of Felix Varela, a Cuban priest who served in New York from 1823 to 1853.



THRILL OF VICTORY — Senator Paul Simon and his wife, Jeanne, greeted supporters in Illinois after he won his home state primary. "This is a new beginning for the Paul Simon campaign," he said.

Botha Comes Under Heavy Pressure To Spare Lives of 'Sharpeville Six'

By John D. Battersby
New York Times Service

JOHANNESBURG — President Pieter W. Botha was under intense domestic and international pressure on Wednesday to spare the lives of six blacks scheduled to be hanged on Friday for the murder of a black township councillor in civil unrest in 1984.

An 11th-hour court application by legal representatives of the six, seeking an order for a stay of execution, was postponed in the Pretoria Supreme Court on Wednesday until Thursday morning.

The court heard charges that the police assaulted and coerced a state witness into giving false evidence against the six.

In a 40-minute meeting on Wednesday night with the Anglican archbishop of Johannesburg, Desmond M. Tutu, Mr. Botha, who is the only person who can stop the hangings, said he would not intervene unless the court found that there were extenuating circumstances or that new facts relating to the case had emerged.

Mr. Botha told Archbishop Tutu that he was not willing to jeopardize the independence of the judiciary. "I will only act according to convention," Mr. Botha told the archbishop, according to a presidential spokesman.

Archbishop Tutu later canceled his first-ever meeting with the head of the Dutch-Reformed Church, the main Afrikaans-speaking church, which was scheduled on Thursday. He announced that in-

stead of the meeting, he would hold a vigil in St. Albans Anglican Cathedral in Pretoria to pray for the Sharpeville Six.

Prakash Dier, the legal representative of the six, said after visiting them in Pretoria Central Prison on Wednesday that "they are very simple people who do not see themselves as political martyrs."

"They said they are very upset about so-called legal justice and condemned it as something evil," he said.

He said the only woman among the six, Theresa Ramashamola, who is a Rozan Catholic who lives with her mother, saw a religious parallel in her pending execution. "She said, 'Jesus died on the cross for other's sins, and I have resigned myself to the same fate,'" Mr. Dier said.

The state-run television reported Tuesday night that Mr. Botha had rejected final pleas for clemency.

Mr. Dier said he was one of hundreds of black counselors, policemen and perceived collaborators killed by militant crowds in two years of sustained civil unrest from 1984 to 1986.

The six scheduled to hang are Mojalefa Setatsa, 32; Reid Mokoena, 24; Oupa Dintso, 32; Duma Khuzamalo, 28; Francis Mokegi, 30, and Miss Ramashamola, 26.

THE HUSTINGS

Byrne Loses Chicago Comeback Bid In Primary for Circuit Court Position

CHICAGO (Combined Dispatches) — Former Mayor Jane Byrne's bid for a political comeback ended in defeat in Illinois' primary election Tuesday. She was beaten by Aurelia M. Puciniski in the closely watched Democratic primary for clerk of the Cook County Circuit Court.

The campaign for the little-known position had at times obscured the presidential primary. The job, to maintain the records of the circuit court system, is held by Morgan Finley, who is under indictment for bribery and racketeering and is not seeking re-election.

Mrs. Byrne conceded defeat at a news conference shortly after the polls closed. She has not won an election since her successful campaign for mayor in 1979, losing two subsequent campaigns for re-election. She said she would probably not be a candidate again.

Edward R. Vrdolyak, who switched parties last year after heading the Cook County Democratic organization and losing a bid for the Democratic mayoral nomination, ran unopposed in the Republican primary for the clerk's job. (NYT, AP)

Michel Easily Beats Back Challenge

CHICAGO (AP) — Representative Robert H. Michel, the House minority leader, easily overcame his first Republican challenge in 32 years in the Illinois primary Tuesday.

Mr. Michel's victory over James E. Unsicker, the Tazewell County board chairman, could set the stage for a November rematch of the 1982 contest that almost cost him his 18th District seat. His Democratic rival, G. Douglas Stephens, an attorney, beat an unemployed opponent, Justin Z. West.

U.S. Sets Inquiry on Testing Of Continental Air's Pilots

The Associated Press

DENVER — The Federal Aviation Administration is investigating the pilot testing procedures of Continental Airlines after comments by a pilot last week at a hearing concerning a crash last year that killed 28 people, officials said.

Daniel Beaudette, manager of the agency's air transportation division, said Tuesday that the investigation was initiated by one pilot's report that he made deliberate mistakes in wing settings to test pilot response.

"I can't see how they could safely do that in passenger-carrying operations," Mr. Beaudette said. Federal regulations prohibit pilot training on flights that carry passengers. The inquiry follows testimony last week by Captain Kenneth Watson of Continental before a National Transportation Safety Board hearing into the Nov. 15 fatal crash of a Continental DC-9 as it was taking off from Denver.

On a flight last October, Mr. Watson said he made incorrect adjustments to an aircraft before takeoff to test the pilot, Frank Zvonek, who died in the November crash.

"As is my common practice, I advised Frank that I would intentionally make several mistakes," Mr. Watson told the hearing. "I intentionally missed flaps, trim and weight cards for takeoff. He caught and corrected me on them."

Mecham Aide Testifies On State Appointments

The Associated Press

PHOENIX, Arizona — Governor Evan Mecham's former appointments secretary testified at his impeachment trial Wednesday that campaign contributions were a criteria, but not a major one, in making appointments to state boards and commissions.

The state House of Representatives impeached Mr. Mecham on Feb. 5, and accused him of, among other things, concealing a \$350,000 campaign loan and misusing \$80,000 from the governor's protocol fund by loaning it to the contributor's auto dealership.

U.S. Urban Schools Lag Despite National Gains

New York Times Service

NEW YORK — Despite rising test scores and other evidence of better academic performance in the United States, the school improvement movement of the last five years has for all practical purposes "bypassed" institutions in urban areas, the trustees of one of the most influential U.S. educational foundations have charged.

In its report released Tuesday, the Carnegie Foundation for the Advancement of Teaching painted a bleak picture of schools in big cities. The systems are marked by stifling bureaucracies, unmotivated students and crumbling buildings and classrooms, the report said, and the schools are "little more than human storerooms to keep young people off the streets."

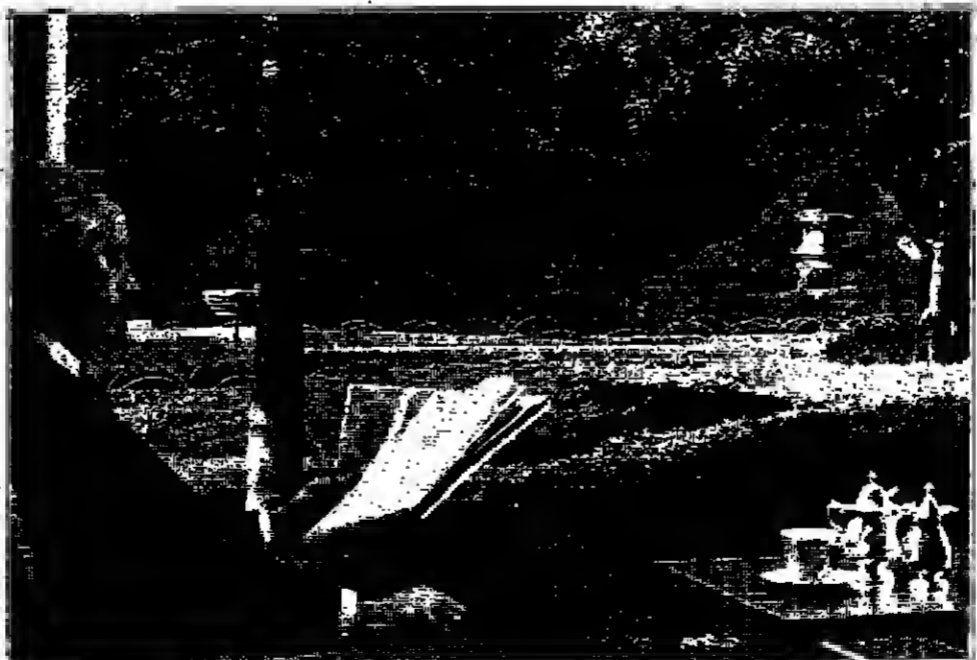
"No other crisis — a flood, a health epidemic, a garbage strike or even snow removal — would be as calmly accepted without full-scale emergency intervention," the report said.

"The harsh truth is that the reform movement has largely bypassed our most deeply troubled schools," the trustees added.

The report reflects a growing concern among politicians, business executives and others about the difficulties that urban schools are having in turning out graduates with skills suited to future jobs.

The report, "An Imperiled Generation: Saving Urban Schools," urged several changes, including these:

- Principals and teachers should be given more autonomy in running their schools and classrooms.
- To promote accountability, state or local school officials should issue "school report cards" on a regular basis, with individual schools being graded on criteria like teaching innovations, dropout rate reduction and the effectiveness of student counseling.
- If schools receive low grades, "evaluation teams" of parents, teachers, administrators and college faculty members should be appointed to devise a recovery plan.



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INTERNATIONAL Herald Tribune

For an Arms Embargo

By bombarding each other's capitals with missiles, Iran and Iraq have reached a new nadir in their savage seven-year-old war.

One Less Republican

"They're all Reagan Republicans," said Jack Kemp as he withdrew last week from the Republican presidential race.

Yes to Youth Service

Despite the virtual certainty of a presidential veto, national youth service has become a hardy legislative perennial in Washington.

Other Comment

How Strong is Gorbachev? Mikhail S. Gorbachev started his fourth year as general secretary of the Communist Party last week.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1938-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER



NATO Could Do With a Reappraisal of Challenges

BRUSSELS — Has NATO got its eye on the wrong ball? Rethinking security strategy is currently the hot topic, but are the allies still focusing on yesterday's issues?

Ulster: Now for Fair Employment Without Jobs

LONDON — In the dying days of James Callaghan's Labor government here, a junior minister summoned me to his Whitehall office and threatened to sue because I had told truth.

These Days the Men at Farrell's Bar Don't Vote

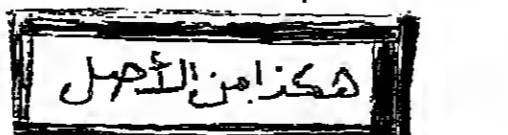
NEW YORK — The end of the Reagan era is still many months away, but already there are warning signs among ordinary people that we are moving deeper into a "big sleep" period in American politics.

The French Campaign Differently

PARIS — Some French are complaining again at the "Americanization" of their campaign for president. They mean a focus on personality, with nothing much clear-cut in the way of programs or issues.

100, 75 AND 50 YEARS AGO

1838: St. Patrick's Day NEW YORK — Mayor Hewitt, of New York, said that despite the recession of the Board of Aldermen, he will not hoist the Irish flag on the City Hall on St. Patrick's Day.



OPINION

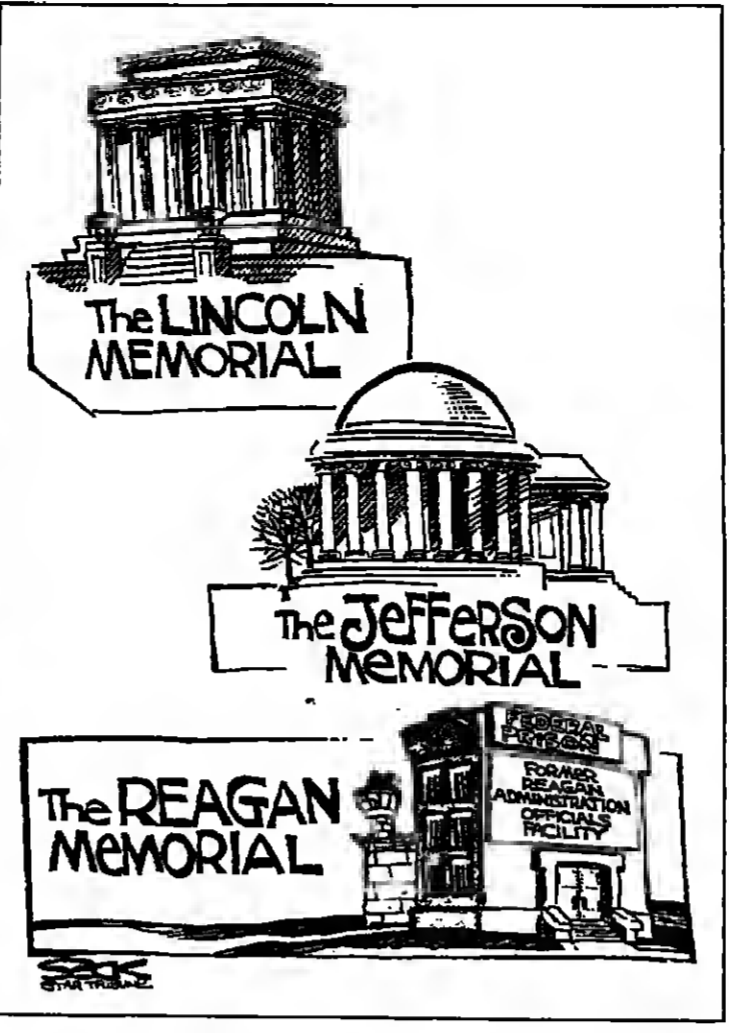
Israel's Jews Have No Place Else to Go

By George F. Will

WASHINGTON—This year, which brings the 40th anniversary of the founding of Israel and the 50th anniversary of Munich, finds Israel suddenly cast in the role of Czechoslovakia at a proposed international conference.

gress on substance. But if Jordan cannot act independently of Syria and the PLO regarding procedures, it will be no more independent regarding substance.

sort of guarantees that South Vietnam had. Saigon is now Ho Chi Minh City, and Israel will be forgiven for not trusting American "guarantees" to prevent Tel Aviv from becoming Arafatville.



Getting Out of Afghanistan Hasn't Always Been Easy

By Richard M. Weintraub

PESHAWAR, Pakistan — "We will leave Afghanistan, but we will not leave clinging to the skirts of helicopters lifting off the roof of our embassy," a Soviet official was quoted as saying a few months ago.

among the rebels and it is perfectly wonderful how they hang together. More than a few Russians may be wondering about the glue that has held the fractious Afghan mujahidin, or guerrillas, together long enough to make the Soviet military presence uncomfortable.

The Palestinians Once Had a Land and Still Have Rights

By Nadia Hijab

LONDON — At first, the Palestinian was blurred to Western eyes. Zionists spoke of Palestine as "a land without a people for a people without a land."

Only in recent years has Israeli officialdom admitted the existence of the Palestinians, although with amazing qualifications.

are right. Or the settlers are wrong, as most people say — but then what the Zionists did in the first place was wrong.

LETTER TO THE EDITOR

Jobs From Solar Power

Michael Richardson's front-page report from Bangkok (March 9) on the flight from impoverished rural zones into Asian mega-cities points up the urgent need to create new employment in Third World countries.

processing industries are located in rural, often remote areas where no grid electricity exists. Such industries are ideally suited to the use of evacuated tube solar collectors, which have the ability to heat the huge quantities of water used for food processing every day, without the need to cut down vast forest for wood fuel.



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SCIENCE

Genetic Engineers Hope to Design Proteins for Specific Jobs

By Andrew Pollack
New York Times Service

SAN FRANCISCO—With the first products of genetic engineering starting to reach the marketplace, scientists are preparing for what is expected to be the next big step in the biotechnology revolution: the creation of complex compounds that are custom-designed to meet human needs.

So far, genetic engineering has mainly been used to produce substances that already exist. The gene controlling production of human insulin, for instance, can be implanted into bacteria, which will then produce the insulin.

The new technology, known as protein engineering, promises to take scientists one step further by modifying natural proteins or by creating new ones. Protein engineers have already produced some promising substances, but scientists feel that they are just on the edge of the frontier. The design and production of new proteins is a far

more complex challenge than the synthesis of organic materials such as plastics.

Proteins play a pivotal role in life. Virtually all substances produced by living cells are proteins: hormones, enzymes, antibodies, hair, skin, bones and so on. And virtually all biological functions are controlled by proteins. Hence, being able to tailor-make proteins for specific tasks holds great allure.

The first applications of protein engineering, a cross between gene-splicing and computer modeling, will be to make drugs with improved properties and industrial enzymes that last longer than the natural versions. In the future, the technique could allow the creation of new drugs to fight such diseases as cancer and AIDS. Scientists envision designer proteins being used to clean polluted rivers.

Useful substances could also be created. Nylon—a synthetic material—is a simple molecule compared to what you can do with

protein," said Michael Levitt, professor of structural biology at Stanford University.

Because of its potential, protein engineering is attracting interest from most of the major drug and chemical companies. Both Japan and Britain have organized government-backed consortiums to try to gain the lead.

Daunting theoretical problems are yet to be solved. Still, scientists are for the first time in a position to make rapid progress because of the convergence of developments in several fields. "There are a lot of beautiful techniques that are all coming to bear at the same time," said Charles S. Craik, assistant professor of pharmaceutical chemistry at the University of California at San Francisco.

Chief among those techniques is genetic engineering, which enables scientists to make precise, tiny changes in proteins. Before the gene-splicing technology came along, scientists were able to syn-

thesize some simple proteins by chemical methods, but the process was not practical.

Advances in computers allow scientists to study complex molecules on computer screens and do calculations to predict protein structure. Also important are im-

provements in techniques to determine the structure of natural proteins.

Proteins are made of amino acids, building blocks that are strung together like beads on a chain. A protein might have anywhere from

50 to more than 500 of the 20 different amino acids.

The production of each of the 20 is governed by a particular sequence of three subunits, or bases, of the DNA molecule. Hence, if the sequence of the DNA bases is known, it is a straightforward matter to predict the sequence of amino acids making up a protein.

In addition, scientists can use genetic engineering to substitute a new three-base code at a particular point in the DNA and thus make a specific change in the resulting pro-

tein. For instance, they can change the cysteine amino acid at, say, position 125 in the protein chain to a glycine amino acid merely by changing the genetic instruction.

But knowing the sequence of amino acids in a protein turns out not to be enough to predict a protein's function. The function of the protein depends not on its amino acid sequence directly, but on its shape: the protein meshes precisely with the molecule with which it will interact, like a lock and key.

The chain of amino acids folds into a highly complex three-dimensional structure. The chain, whose formation can be thought of as step one in the production of a protein, forms secondary structures, such as helices and flat sheets. Those secondary features, in turn, fold up into the final tertiary structure.

No one has yet been able to predict the final shape, given only the sequence of amino acids. Still, given other information, such as how proteins with similar sequences

fold, scientists have used computers to make intelligent guesses.

In addition, scientists believe that proteins should fold into the most stable shape, the one with the lowest thermodynamic energy level. But even for a simple protein there are so many possible shapes and so many atoms that even the most powerful computers cannot cope with the task of finding the most stable shape.

Scientists are therefore trying to limit the computer's choices by developing rules of thumb. For instance, amino acids that tend to repel water tend to be on the inside of the protein after it is folded, while those amino acids that attract water end up on the outside, next to the water.

Fred E. Cohen, assistant professor of pharmaceutical chemistry and medicine at UCSF, and colleagues used such shortcuts to try to predict the structure of interleukin-2, a protein being used as a drug to treat cancer. When the

structure of interleukin-2 was directly determined, Cohen's prediction turned out to be correct for 75 percent of the structure. Still, completely solving the folding problem is likely to take 20 years, he said.

Without an ability to predict folding, scientists cannot yet create complex proteins. A few researchers have managed to create simple proteins made of several helices. But no useful proteins have been made from scratch, and none are likely to be for many years. "They can make outshouts," said Levitt of Stanford. "They can't make buildings yet."

With so much basic research needed on analyzing protein structure and developing rules for folding, some scientists and industry leaders are urging American companies to cooperate with one another, to avoid duplication. Otherwise, they say, the United States might fall behind the Japanese and the Europeans.

Community-Based Tests For AIDS Treatments

By Gina Kolata
New York Times Service

GROWING number of New York patients and their doctors are beginning to test possible AIDS treatments under a novel community-based approach to drug trials.

The patients volunteer to try experimental drugs while their personal doctors, who are not part of the university research teams that normally conduct trials, volunteer to administer the drugs and keep records.

The experiment is the product of the Community Research Initiative (CRI), a group of homosexual men infected with the AIDS virus and their doctors who banded together out of frustration with what they considered the slow progress in federal testing of drugs.

The group, which now has hundreds of volunteers and has drawn women and drug addicts with AIDS into its activities, believes it can identify useful drugs far more quickly than more formal university-based trials can. It is also eager to provide as many patients as possible with even unproved drugs—an approach that some doctors see as dangerous, but that the group considers preferable to waiting passively as acquired immune deficiency syndrome takes its toll.

While some scientists have been skeptical, the CRI was recently singled out by the President's Commission on AIDS as a useful adjunct to traditional university-based clinical studies.

The group's doctors are not equipped to do certain technically difficult diagnostic and prognostic tests that are sometimes part of clinical research. But the group has been approached by several drug companies for less complicated studies.

Dr. Donald Armstrong, chief of infectious diseases at the Memorial-Sloan Kettering Cancer Center in New York and a member of CRI's advisory board, said the idea that community doctors could do such research "is new in clinical medicine for a disease as complicated as AIDS."

Outside experts, while praising

the group, assert that its approach cannot take the place of more formal experiments, which often involve few patients and take more time but can establish with greater certainty whether a drug is useful.

The federal program of AIDS drug development sees its basic goal as determining as speedily as possible whether drugs are effective against AIDS, noted Dr. Daniel Hoth, director of AIDS programs for the National Institute of Allergy and Infectious Diseases in Bethesda, Maryland. Wide access to drugs is important, Dr. Hoth said, but only when a therapy has been found to be effective. So far, only AZT, azidothymidine, an anti-viral agent, has been shown to prolong life in some AIDS patients, although toxic side effects preclude its use by many.

But Thomas Hannon, acting administrative director of the CRI, said that "research to date through the establishment has been very slow."

"The attitude has been business as usual, which is a natural consequence of the bureaucracy," Mr. Hannon said. "But the amount of time we have as individuals with AIDS is limited and, for most of us, experimental drugs are the only treatments there are."

Experts have said that a major source of delay in university-based clinical trials is finding volunteers to participate who fit the particular medical profile being sought.

CRI says it represents hundreds of volunteers who are ready to be tapped to test new treatments. Mr. Hannon explained that many of them would not be willing to participate in federal research. They cooperate "because they are doing things through their own physicians," he said.

In contrast to the initial skepticism of some experts, the President's Commission on AIDS praised the group's approach as one worth emulating. One commissioner, Dr. Burton J. Lee Jr. of Memorial Sloan-Kettering, said in a letter to the group that it "appears to be one of the best things to have come out of the AIDS effort." He added that the commission

"will do everything we can" to be certain that the approach is endorsed by the National Institutes of Health.

Founded last May, the CRI began its first large clinical trial in December, a study of whether an inhaled drug, pentamidine, can prevent an unusual form of pneumonia that kills many AIDS patients. Three smaller drug studies are also under way.

In addition, the group's doctors are keeping track of the unproved medications that many of its members are taking. They hope these records may detect some drugs that are effective or dangerous.

Dr. Armstrong said he doubts whether the records of drugs AIDS patients are taking on their own will yield useful information. "If there was something quite startling, if a drug is very efficacious or very toxic, it might become evident," he said. "It is hard to pick up subtle changes."

As part of its mission to make experimental drugs available to all, the CRI has pressed for the inclusion of women and intravenous drug users in formal treatment studies. Most studies so far have involved only homosexual men because researchers believed their results would be more clear-cut if they concentrated on a large, homogeneous group of patients.

Dr. Hoth said he and his colleagues at the National Institute of Allergy and Infectious Diseases supported the idea of community-based research so long as the leaders follow sound techniques of clinical research, including the writing of protocols and collection and analysis of data. He said the institute will soon allow community groups to compete with traditional research centers for federal research funds.

Dr. Armstrong cautioned that the group is not set up for some sorts of studies that involve technically difficult procedures, such as measuring numbers of AIDS virus particles in blood. But he said he thought the CRI was ideally suited to determine whether AIDS patients taking drugs to prevent pneumonia are protected.

IN BRIEF

Private U.S. Space Station

WASHINGTON (NYT)—The U.S. Defense Department has several experiments it would like to conduct on board a small private space station, a major part of which the government has agreed to lease. The small station is scheduled to be carried aloft by the space shuttle in the early 1990s. The military's interest in the small station comes amid apparent apathy for use of a larger government-run, permanent manned space station, which is scheduled to be completed in the late 1990s.

According to Space Station News, the Air Force has been evaluating at least five possible uses of the small station: to investigate the effects of space on solid rocket fuel; the working of electrical switches based on liquid metal; the effect of near weightlessness on the cartilage-generating cells of mammals; the extent of dust and micrometeoroids in orbit and the utility of construction materials made out of lunar solid and rock.

Melanoma's Signs Ignored

PHILADELPHIA (NYT)—The early signs of malignant melanoma are too often unrecognized or ignored by doctors and patients until it is too late for treatment, a study indicates. The early signs of melanoma are changes in the size or shape of a mole. Only

later, when the disease has progressed to the point at which it may be fatal, do moles start to bleed, become raised, or develop crusts.

The findings suggest that "the public and doctors need to be taught to look for early signs" of the deadly form of skin cancer, said Dr. Barrie Cassileth of the University of Pennsylvania Cancer Center. When malignant melanoma is caught early, Dr. Cassileth said, "it is 100 percent curable."

A New Heart Attack Drug

BOSTON (NYT)—A new drug, Eminase, has joined the ranks of clot-dissolving substances that can save the lives of many heart attack patients. The drug stays in the blood longer and can be given as a single injection, which makes it easier to administer than either of the existing drugs. In a British study, patients taking the drug after a heart attack were only about half as likely to die than patients who received a placebo.

Eminase and similar drugs dissolve clots that block the blood flow in coronary arteries. If the clots can be dissolved, a heart attack can be halted and heart tissue can survive. In the United States, heart attack patients are treated either with streptokinase or with tissue plasminogen activator (tPA). Both of these drugs are broken down quickly by the body and must be given by a slow infusion over several hours.

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JAL
JAPAN AIR LINES

NYSE Most Actives table with columns for Vol., High, Low, and Chg. for various stocks like Pilsbury, Novartis, and Amgen.

Market Sales table showing NYSE p.m. volume, AMEX p.m. volume, and OTC volume.

NYSE Index table with columns for High, Low, Close, and Chg. for Composite Index, Financials, and Industrials.

Wednesday's NYSE Closing logo with the text 'Via The Associated Press'.

AMEX Diary table listing various stocks and their prices.

NASDAQ Index table with columns for Close, Chg., and Year.

AMEX Most Actives table showing top trading volumes on the AMEX.

Dow Jones Bond Averages table with columns for Bonds, Utilities, and Industrials.

NYSE Diary table with columns for Close and Prev. for various indices.

Odd-Lot Trading In N.Y. table showing buy and sell orders.

Dow Jones Averages table with columns for Open, High, Low, Last, and Chg.

Standard & Poor's Index table with columns for High, Low, Close, and Chg.

NASDAQ Diary table listing various stocks and their prices.

AMEX Stock Index table with columns for High, Low, Close, and Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices with columns for 12 Month High/Low, Stock, Div., Yld., PE, and Close.

Late Rally Drives NYSE Higher

NEW YORK — Prices on the New York Stock Exchange closed higher Wednesday in moderate trading as bargain-hunting produced a rally in the final hour. The three-day standstill in which investors refrained from active trading ahead of a report scheduled Thursday on U.S. merchandise trade for January. The Dow Jones industrial average, which fell 2.66 points Tuesday, rose 16.91 points to close at 2,064.32. The index won the entire advance in the final 35 minutes after showing a modest deficit for most of the session. Advances led declines 9 to 5. Volume climbed to 153.59 million shares from 133.17 million on Tuesday. "It was a very strong close," said Trude Latimer of Josephthal & Co. "It seems that the (buy) programs have been coming in after 3 o'clock recently. What's interesting about today is that the market held the gains. Usually it goes the other direction shortly after the programs." Broad market indexes also gained. The New York Stock Exchange composite index rose 1.29 points to 151.28. Standard & Poor's 500-stock index rose 2.52 points to 268.65. The price of an average share added 28 cents. Jack Pickler, director of research at Wheat, First Securities in Richmond, Virginia, said the low volume of the past three days had reflected some "overall nervousness" and a reluctance to participate ahead of the trade figures. "We don't expect the trade numbers to be dramatically different" from the \$12.2 billion shortfall in December, Mr. Pickler said. "If we got a had number, the market could fall as out on the downside and then rally at the end of the month. We are favorably disposed on the near term." He said investors are "looking for an excuse to get into the market" and the nervousness was "more from the positive side than the negative side." Analysts also cited concern over Friday's expiration of stock-related futures and options for the market's three-day holding pattern. Pilsbury was the most active issue, up 3 1/2 to 42, as takeover rumors once again surrounded the food and restaurant company. Navistar followed, up 1/4 to 5 1/2. Ford Motor was third, up 1/4 to 44 1/2. AT&T gained 1/4 to 28 1/4. IBM was up 1/4 to 115 1/4. Digital Equipment rose 1 1/2 to 117 1/2. Texas Instruments was up 1 to 55 1/2. Among other blue chips, General Electric was up 3/4 to 44 1/2. Eastman Kodak was unchanged at 43. American Express was down 3/4 to 26 1/2. General Motors was up 2 to 73 1/2 and Merck was down 3/4 to 157 1/2. Prices closed higher in moderate trading on the American Stock Exchange. The Amex Market Value index rose 0.79 point to 297.51. Lorimar Telepictures led the Amex actives, down 1/4 to 14 1/4. (UPI, Reuters)

Large table of stock prices with columns for 12 Month High/Low, Stock, Div., Yld., PE, and Close.

(Continued on next left-hand page)

Wednesdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Lists various stocks and their performance.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Continuation of stock market data.

Company Results

Revenue and earnings or losses, in millions, are in local currencies unless otherwise indicated.

Table with columns: Country, Company Name, 1987 Revenue, 1987 Profit, 1988 Revenue, 1988 Profit. Lists financial results for various companies.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Stock market data.

(Continued)

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Continuation of stock market data.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Continuation of stock market data.

NYSE Highs-Lows

NEW HIGHS 26 NEW LOWS 7

Table listing NYSE Highs and Lows for various stocks.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Stock market data.

(Continued)

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Continuation of stock market data.

Table with columns: 12 Month High Low Stock Div. Yld. PE 100 High Low Open Close. Continuation of stock market data.

Orkla's Profit Climbs

By 45% to \$73 Million

OSLO—Orkla Borregaard AS, a Norwegian industrial conglomerate, reported Wednesday that its pretax profit rose 45 percent last year to 465 million kroner (\$73.7 million).

U.S. Futures

Via The Associated Press

March 16

Table with columns: Season High Season Low Open High Low Close Chg. Lists U.S. Futures prices for various commodities.

Currency Options

PHILADELPHIA EXCHANGE

Table with columns: Option & Strike, Cents-Last, Puts-Last. Lists currency option prices.

Paris Commodities

March 16

Table with columns: High Low Close Ask Chge. Lists Paris commodity prices.

Food

COFFEE C (NYSC) 175000 lbs. contract

Table with columns: Season High Season Low Open High Low Close Chg. Lists food commodity prices.

Metals

COPPER (COMEX) 25000 lbs. contract

Table with columns: Season High Season Low Open High Low Close Chg. Lists metal commodity prices.

Financial

U.S. T-BILLS (IMM) 100 million face

Table with columns: Bid Ask High Low Previous Ask. Lists financial market data.

Stock Indexes

Index compiled shortly before market close

Table with columns: SP COMP. INDEX (CME), VALUE LINE (ICBT), NYSE COMP. INDEX (NYSE). Lists stock index values.

Commodity Indexes

Moody's: base 100 = Dec. 31, 1971

Table with columns: Commodity Name, Close, Prev. Lists commodity index values.

Market Guide

CBOT: Chicago Board of Trade

Table with columns: Commodity Name, Close, Prev. Lists market guide information.

Advertisement for William Safire on Language, featuring the text 'Mon days in the Trib' and 'Get the latest word from William Safire on Language'.

BUSINESS ROUNDUP

United Biscuits Bids For Hanson Food Unit

LONDON — United Biscuits (Holdings) PLC said Wednesday it had conditionally agreed to acquire the frozen food maker Hanson & Young from Hanson Trust PLC for \$235 million (\$622 million) in cash.

Jaguar's Profit Falls 20%

LONDON — Jaguar PLC, the British automaker, said Wednesday that its pretax profit dropped 20 percent to \$97 million (\$178 million) last year as the dollar's sharp decline hurt sales of its luxury cars in the United States.

Fairfax Selling Reuters Stake to Murdoch

SYDNEY — Australia's Trade Practices Commission said Wednesday it would investigate whether Rupert Murdoch's News Corp. would be allowed to acquire an indirect interest in Reuters Holdings PLC that is being sold by another media group.

Leysen Said to Seek Générale Stock in Court

BRUSSELS — André Leysen, the chairman of Gevoert NV, has taken court action to obtain 10 million shares whose ownership is disputed in the takeover battle for Société Générale de Belgique SA, Belgium's biggest company, financial sources said Wednesday.

Matters to be Reported

Report on the Business Report, Balance Sheet and Statement of Income and Retained Earnings for the 87th business term from 1st January 1987 to 31st December 1987.

INTERNATIONAL POSITIONS

INTERNATIONAL CONSULTING FIRM

has immediate openings for experienced MANAGEMENT CONSULTANTS specializing in productivity improvement, supervisory training and design of control systems.

Sears Targets Western Auto

CHICAGO — Sears, Roebuck & Co. said Wednesday it had agreed to buy 52.3 percent of the shares of Western Auto Supply Co. and was seeking to buy the entire company.

Kuwait Bids for Ebro, Spanish Sugar Firm

MADRID — The Kuwait Investment Office made a takeover offer Wednesday for Spain's biggest sugar company, Ebro Compañía de Azúcares y Alcoholes SA.

Framatome in Full Bid For Telemecanique

PARIS — Framatome, the French nuclear company, escalated the takeover battle for Telemecanique Electrique SA on Wednesday, making its first bid for all of the shares of the automation concern.

Koppers Rejects Bid From Britain's Beazer

PITTSBURGH — Koppers Co. recommended Wednesday that shareholders reject an unsolicited \$1.27 billion tender offer made March 3 by Beazer PLC.

Koppers Rejects Bid From Britain's Beazer

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Hongkong Land Expected to Post Healthy '87 Profit Gain

HONG KONG — Hongkong Land Co. is expected to report a solid gain in net profit when it releases its 1987 results Friday, analysts say.

Hongkong Land has attracted the attention of several Hong Kong financiers who are believed to have built a combined 10 percent stake in the company.

net asset value at between \$25 dollars and 9.61 dollars a share. The company reported net asset value per share at 8.17 dollars at the end of 1986.

Meanwhile, experts note that although OPEC's share of all oil exports has plunged, to less than 50 percent today from 74.1 percent in 1974, its share of world reserves has not declined.

OIL: As Exploration Costs Decline, U.S. Companies Rush to Fill the Tank

(Continued from first finance page) expected oil prices to average about \$18 a barrel into the early 1990s.

The decline Monday reversed a brief recovery late last week on news reports that OPEC was studying a plan to reduce its oil production by 5 percent.

Meanwhile, experts note that although OPEC's share of all oil exports has plunged, to less than 50 percent today from 74.1 percent in 1974, its share of world reserves has not declined.

OPEC members have the capacity to produce between 27 million and 28 million barrels a day, according to Daniel Yergin, president of Cambridge Energy Research Associates.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 16th March 1988

Table with multiple columns listing various international funds, their symbols, and current prices. Includes sections for AL-MAL GROUP, DREXEL BURNHAM LAMBERT INC, and various international equity and bond funds.

LOW COST FLIGHTS ACCESS VOYAGES. Includes flight schedules and prices for destinations like New York, San Francisco, Los Angeles, etc.

INTERNATIONAL CLASSIFIED. (Continued from Back Page). Includes sections for COUNCIL TRAVEL, LEGAL SERVICES, U.S. DIVORCE IN 15 DAYS, AUTO SHIPPING, and TAXES FREE.

HOTELS GREAT BRITAIN. HOTEL NUMBER EIGHT. Includes descriptions of hotel amenities, location, and contact information.

Mo'lays. Advertisement for a beverage or food product.

Pages 16 & 15 FOR MORE CLASSIFIEDS. Advertisement for classified services.

AS - Australian Dollars; BF - Belgium Francs; C - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; Lf - Swiss Lira; S - Swedish Krona; T - New Taiwan Dollar; Y - Japanese Yen; Z - South African Rand; A - Australian Dollar; B - British Pound; C - Canadian Dollar; D - Deutsche Mark; E - Euro; F - French Franc; G - German Mark; H - Hong Kong Dollar; I - Italian Lira; J - Japanese Yen; K - Korean Won; L - Luxembourg Franc; M - Mexican Peso; N - New Zealand Dollar; O - Omani Rial; P - Portuguese Escudo; Q - Qatari Riyal; R - Rand; S - Swedish Krona; T - New Taiwan Dollar; U - United States Dollar; V - Vietnamese Dong; W - West German Mark; X - Hong Kong Dollar; Y - Japanese Yen; Z - South African Rand.

Weekly net asset value Leveraged Capital Holdings NV. Listed on the Amsterdam Stock Exchange.

CANON INC. Advice has been received from Tokyo that the 87th Ordinary General Meeting of Shareholders of the Company will be held on 17th March 1988.

Matters to be Reported. Report on the Business Report, Balance Sheet and Statement of Income and Retained Earnings for the 87th business term from 1st January 1987 to 31st December 1987.

CURRENCY MARKETS

Dollar and Pound Advance in N.Y.

NEW YORK — The dollar rose against most major currencies yesterday amid news that the White House was considering sending U.S. troops to Honduras...

London Dollar Rates

Table with columns: Currency, Rate, % Change. Includes Deutsche mark, Swiss franc, French franc.

Dealers said that the median market forecast for the deficit was \$13.2 billion, higher than December's \$12.2 billion but similar to the November figure of \$13.2 billion.

France Trims Budget Gap

PARIS — The French budget deficit shrank in 1987 to 120 billion francs (about \$21.2 billion), a figure that was about 10 billion francs less than expected...

Temporary Jobs Skew U.S. Figures

In Crunch, Millions of U.S. Jobs Could Vanish Overnight

By Louis Uchitelle
NEW YORK — One of the hallmarks of the current economic recovery, now in its sixth year, has been the creation of 10 million jobs...

But experts say a significant number are showing up on factory assembly lines. Companies also are using temporary workers for such relatively well-paid jobs as engineer, designer, accountant and marketing specialist.

Part of the risk comes from the fact that many of these small employers perform work for large companies that the large companies once performed themselves.

Lawson Says Currency Policy Is Unaltered but Gives No Details

By Reginald Dale
generating his commitment to stable exchange rates, the British handover of the exchequer, Nigel Lawson, insisted Wednesday that there had been no change in government policy despite the recent sharp rise in the value of the pound...



Nigel Lawson

On Wednesday, the pound eased in London to \$1,847.00, down from \$1,856.00 Tuesday, and 3.0825 Deutsche marks, down from 3.0883, in a further response to reports Tuesday that the Bank of England had moved to stop its rise above 3.09 DM.

Mr. Lawson said that the chancellor of the exchequer had "not really re-established his authority" over monetary policy, after yielding to Mrs. Thatcher on the exchange rate.

As a result, he said, exchange rate objectives had been weakened as an overall goal of monetary policy, and there had been a "slight downgrading" of the pound's link to the mark, which had been the cornerstone of Treasury policy for the past twelve months.

Table with columns: Stock, High, Low, P.M. Change, Net. Includes various stock symbols and prices.

Table with columns: Stock, High, Low, P.M. Change, Net. Includes various stock symbols and prices.

Table with columns: Stock, High, Low, P.M. Change, Net. Includes various stock symbols and prices.

London's Financial Times-Stock Exchange index of 100 leading stocks finished 14.2 points lower Wednesday at 1,825.7, as investors worried that the benefits of the lower income tax rates announced in the budget might be offset by a rise in the pound.

Mr. Young of Lloyds, however, predicted that the focus of attention would quickly move from the differences between Mrs. Thatcher and Mr. Lawson on the exchange rate to the much sharper political differences between the government and the opposition Labor Party on the major tax changes contained in the budget.

The budget, which cuts the top rate of income tax from 60 to 40 percent and the basic rate from 27 to 25 percent, was denounced by John Smith, the Labor Party's chief economic spokesman.

WEDNESDAY'S OTC PRICES. MASDAQ prices as of 4 p.m. New York time. This list comprises the 1,200 most traded securities in terms of dollar volume. It is updated twice a year. Via The Associated Press.

FUTURES AND OPTIONS IN THE HET EVERY TUESDAY. UP-TO-DATE ANALYSIS OF TRENDS IN THE COMMODITIES AND FUTURES MARKETS - WORLDWIDE

13 2 3 4 5 6 7 8 9 10 11 12
13 14 15 16 17 18 19 20 21 22
23 24 25 26 27 28 29 30 31 32
33 34 35 36 37 38 39 40 41 42
43 44 45 46 47 48 49 50 51 52
53 54 55 56 57 58 59 60 61 62
63 64 65 66 67 68 69 70 71 72

ACROSS
1 Of the Vatican
6 Every space has one
10 Today, e.g.
13 Sky blue
14 French
15 Revolution
16 "Lusi for Life" star, Irish style
18 Over there
19 She raised
20 Across
21 Poe's lost maiden
23 Poet Thomas
24 Shak's era
25 Cod's cousin
28 Slangy dissent
30 N.J. five
33 Western, e.g.
36 Bedded down
38 "Queen" former TV show
40 Opening book division
41 Sends on, as a letter
43 Actress Luise
44 Novelist Seton
45 Nick and Nora's dog
47 Zounds!
48 - Spee
50 Leaves out
53 The where-withal
55 Well-heeled
56 U.S. space observatory
59 Sinatra's second
60 Final big battle, Irish style
63 Buddhist discipline
64 Adult insect
65 Milkmaid's mieu
66 Tolkien lore
67 Scuff
68 Building afterthought
DOWN
1 Walk the floor
2 Black Sea arm
3 Chase
4 Noah's floating ark
5 - the nose (dominated)
6 France's W.W. II line
7 Feel poorly
8 Clanging vehicle, Irish style
9 Ateiler item
10 China's Long March leader, Irish style
11 Caesar's wife
12 Dancer Kelly
14 King of heels
17 Troubled waters' soother
22 Gav - gaslight decade
23 Du Pont's state
25 Missing union leader
26 O'Neill's - for the "Misbegotten" star, Irish style
27 "Houseboat" star, Irish style
29 Seal's baby
31 - barbed (barber's icht)
32 Bergen's Mortimer
34 Author LeShan
35 Solid ground, Irish style
37 Croo monkey
39 Football
42 Kind of battery
46 Friend, to Pablo
49 With full force
51 - am of Ireland
52 Pola's rival
53 Stun
54 Place for a roast
56 Chief god of the Asair
57 Skirt insert
58 Cameo stone
61 Tourist's aid
62 Duryea or Dalley

DENNIS THE MENACE
" I JUST WANT TO TELL YOU THAT YOU'RE A GOOD COOK! "

JUMBLE
Unscramble these four jumbles, one letter to each square, to form four ordinary words.
ENNIL
LEDY
KLUSCE
DENGER

WEATHER
EUROPE HIGH LOW ASIA HIGH LOW
Africa HIGH LOW
Latin America HIGH LOW
North America HIGH LOW
Middle East HIGH LOW
Oceania HIGH LOW

PEANUTS
I came from a very poor family.
When I was very young, we lost the family farm.
YOUR FAMILY NEVER HAD A FARM.
MY DAD BURIED A BONE ONCE IN A VACANT LOT.

BLONDIE
HERE COMES THE BOSS AND HE'S ON A RAMPAGE
YOU'D BETTER HAVE SOMETHING GOOD TO REPORT!
I JUST SIGNED THE MCLAUGHLIN CONTRACT
EXCELLENT! EXCELLENT!
NOW IF I CAN ONLY GET MCLAUGHLIN TO SIGN IT

BETLE BAILEY
THE DINING HALL HAS A NO-SMOKING SECTION NOW
WHAT DIFFERENCE DOES IT MAKE?

ANDY CAPP
BEFORE YOUR MOTHER TELLS YOU PAPA'S BEING A LAD TONIGHT
SLAP SLAP
SEE THAT? PERFECT WIFE - ALWAYS WILLING TO DO HER DUTY EVEN DURING THE LATE-NIGHT FILM

WIZARD OF ID
SEND YOUR KING TO FIGHT OUR GIANT
OUR KING IS ONLY FOUR FEET TALL
DON'T FEEL BAD... OUR GIANT IS ONLY FOUR FOOT TWO

REX MORGAN
BY THE WAY, ERIC PHONED WHILE YOU WERE BEING EXAMINED BY DR. MORGAN. I INVITED HIM OVER TO HAVE DINNER WITH US. I SHOULD BE HERE ANY MINUTE NOW!
DID YOU TELL HIM THE DOCTOR WAS HERE?
YES...AND HE WAS AS RELIEVED AS I WAS, LINDA. I DISCOVERED THAT HE'S BEEN TRYING TO HAVE YOU BE SEEN BY A PHYSICIAN FOR THE PAST THREE WEEKS...BUT YOU WOULDN'T DO IT!
THERE ARE TIMES WHEN I DON'T UNDERSTAND YOU AT ALL, DARLING!

GARFIELD
IT SAWS HERE AN ACTIVE FANTASY LIFE CAN IMPROVE YOUR PERSONALITY!
I HAVE AN ACTIVE FANTASY LIFE!
WHEN I'M EATING, I FANTASIZE ABOUT SLEEP. WHEN I SLEEP, I FANTASIZE ABOUT EATING.

World Stock Markets
Via Agence France Press Closing prices in local currencies, March 16
Amsterdam, London, Zurich, Tokyo, Singapore, Hong Kong, Frankfurt, Paris, Sydney, Melbourne, etc.

BOOKS
S.
By John Updike. 279 pages. \$17.95. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.
Reviewed by Christopher Lehmann-Haupt

READING John Updike's previous novel, "Roger's Version," many readers missed the somewhat cryptic references to Nathaniel Hawthorne's "Scarlet Letter," though it remains debatable whether the failure made much difference to one's appreciation of that rather crabbed, ill-tempered work.
In Updike's latest novel, however, no one will miss the references. There is the title, "S," echoing the "A" for "adultery" of Hawthorne's novel, and standing variously for Sarah, the protagonist of the story, and "seductress" and "sanyasin" or pilgrim in Sanskrit, and who knows what else. There is the lengthy epigraph from "The Scarlet Letter," describing Hester Prynne's dark beauty, her ladylike dignity and her remoteness from society.
There is Sarah's husband, a doctor named Charles Worth (instead of Roger Chillingworth), and her daughter, like Hester Prynne, a yet what purpose these references serve is not so clear. Unlike "Roger's Version," and certainly unlike "The Scarlet Letter," "S" is a comedy. Its form is epistolary - the text consisting entirely of Sarah Worth's letters and tape recordings - a technique that is hard to imagine these days as anything but comic, with its delayed-action revelations and its one-sided view of things. ("Oh my darling dearest Pearl, my only child - How could you do so many vile things to your mother at once?")
Certainly the story these letters and tapes unfolds is an amusing, nearly farcical one. As the novel opens, Sarah Worth is on a plane to California, having finally grown fed up with her suffocating upper-middle-class marriage to a Boston doctor who is unfaithful to her, and having made up her mind to join an ashram in Arizona led by a guru she has discovered through her rumpus-room yoga guru.

BRIDGE
By Alan Truscott
ONE of the principal challenges of bridge is to find your best contract for you and your partner without being able to see the other hands. The challenge would be trivial if you could see all 52 cards. True or false? Those who read bridge columns like this one can always see all the cards, although some make a disciplined attempt to fold the newspaper in order to conceal the East-West cards. Test yourself on the diagrammed deal reported by Ib Lundy of Denmark: What contract would you choose to play as South assuming a heart lead? Or if West can lead whatever he wants?

Bridge hand diagram:
NORTH: 4 Q 9 4 2, 6 A, 4 J 9 8 5 4 2
WEST: 4 3 7 5 3, 4 Q 1 3 2, 7 5 4, 4
EAST: 7 6 5 4 3 2, 6 5 4 3 2, 5 4 3 2, 4 3 2
SOUTH: 4 3 2, 6 5 4 3 2, 5 4 3 2, 4 3 2

RUSSELL BAKER
IN THE HEAVENLY WEDNESDAY AND FRIDAY, URBANE WIT AT ITS SATIRICAL BEST

JOURNALIST

SPORTS

With Season in the Balance, 64 Shoot for Final Four

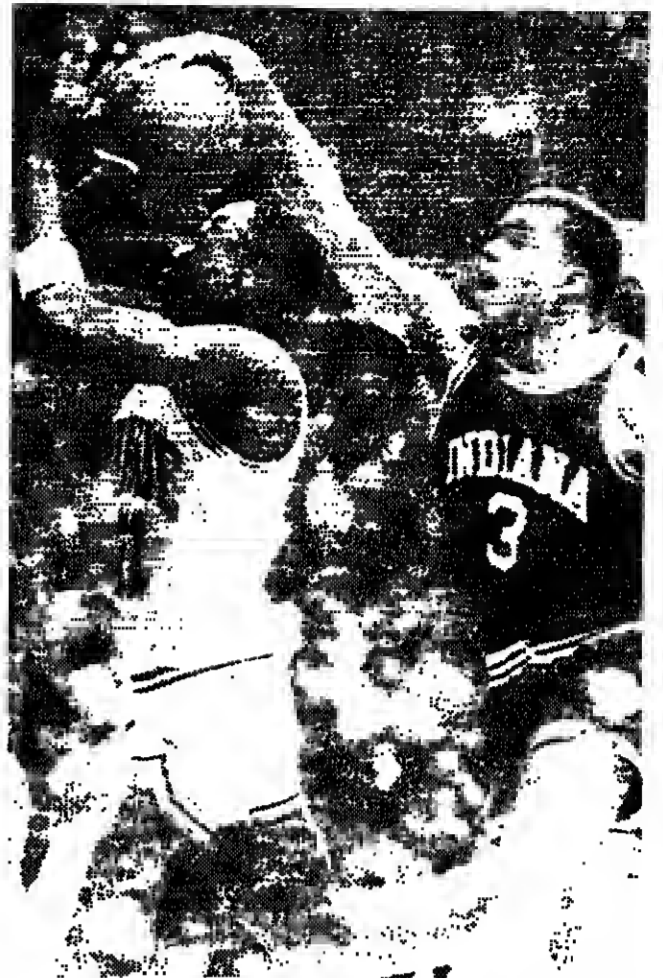
WASHINGTON — It's March, and it's time to get serious. We're talking about the 19 days that matter most each year, and the NCAA basketball tournament, and all over America, office pools are being poured over even as we speak.

VANTAGE POINT/ John Feinstein

round, but isn't likely to go much farther. The pick here in the Southeast is a real darkhorse, maybe Villanova. The Wildcats are the sixth seed. In 1983, they were the eighth seed in the same regional and opened in Dayton, Ohio, before going to

play in the unbelievably pathetic-10. That schedule could make Arizona vulnerable in the second round, when it will play a tough team — either Seton Hall or Texas-El Paso. That's a dangerous game, but Arizona should survive. If it does, it should reach the Final Four, although a lot of people will pick North Carolina.

solid favorite, with senior guards in Everett Stephens and Troy Lewis, a terrific inside player in Todd Mitchell and experienced role players. There is also no real out-of-nowhere possibility. Xavier can upset Kansas and might even beat North Carolina State, but it can't win the regional.



Guards Jay Edwards of Indiana, right, and Everett Stephens of Purdue hooked up more than once in a Big 10 contest last month — and may well meet again in the semifinals of the NCAA tourney.

New Sweden-Team America: Celebration on Ice

New York Times Service NEW YORK — It was 350 years ago this month that the first Swedish settlers to arrive in the New World sailed up the Delaware River and established the colony of New Sweden at what is now Wilmington, Delaware.

of the New Sweden '88 celebration. To give the game just a hit more drawing power, Hakansson has beefed up his office squad with such Swedish-born former National Hockey League players as Ulf Nilsson, Anders Holberg, Stefan Persson, Inge Hammarstrom and Tommie Bergman.

SCOREBOARD

Table containing various sports scores including U.S. College Leaders, National Basketball Association Standings, NHL Standings, Golf PGA Leaders, and Preseason Baseball.

Table containing European Soccer results, Transition section, and various sports news items.

Budd Quits U.K. Team

Compiled by Our Staff From Dispatches LONDON — In a move that headed off a clash between British track officials and the sport's world governing body, South African runner Zola Budd on Wednesday withdrew from the British team for next week's world cross-country championships in New Zealand.

Dodgers Reach Out for Help

By Thomas Boswell Washington Post Service MIAMI — "Kirk, I'd like you to meet Larry King," said Los Angeles Dodgers Manager Tommy Lasorda, introducing his \$1.5 million left fielder, Kirk Gibson, to radio's Mr. Midnight.



Lasorda: Pygmalion theorist.

Advertisement for International Classified, featuring sections for Escorts & Guides, European Soccer, Transition, and various classified listings.

Pages 16 & 11 FOR MORE CLASSIFIEDS

ART BUCHWALD

Cancel the Post Office

WASHINGTON — I went down to the post office the other day and it was locked tight. "It's closed until the Fourth of July," a man who had been sleeping on the sidewalk said. "Are you homeless?" I asked him. "No," he said, "I'm just waiting to pick up a parcel post package of cookies my mother sent me for Christmas. It's easier to sack out here than go home tonight."

letter on its appointed rounds through dark of night. "So what stamp should I put on the envelope?" "That's for each person to decide for himself — but be generous. Remember, no one in the post office is there for the money."



Art Buchwald

"How can you be sure the post office won't open until the Fourth of July?" I asked. "It's all over town. They have a big deficit and this is the only way to make it up, unless they get a bank loan from Mexico."

I looked in the window. "What do you see?" he asked me. "A long line of people," I said. "Oh that's the Express Mail line left over from 1987."

De Laurentis Firm Sells Many Film Rights

LOS ANGELES — The De Laurentis Entertainment Group Inc. said it has agreed to sell the foreign television, video and non-theatrical rights to virtually its entire 320-movie library for \$69 million. The foreign rights are being acquired by a newly formed United Kingdom company controlled by Michael W. Stevens. De Laurentis still is seeking a buyer for the remaining rights to the library and studio in North Carolina.

"I doubt it because this post office has been designated a 'Priority A' station, which means you can't mix first-class mail with junk mail."

The Chieftains on the Road

By Richard Harrington Washington Post Service WASHINGTON — While Dublin, the jewel of Ireland, is celebrating its millennium, The Chieftains, the jewel of Irish traditional music, are celebrating their silver anniversary with a worldwide tour that includes concerts Thursday and Saturday at the Kennedy Center with the National Symphony Orchestra.



Paddy Moloney, chief of The Chieftains.

And if Paddy Moloney has anything to say about it, that leaves only 975 years to go before the next big bash. "Well, we do the 25 years, which was brilliant," says Moloney. The Chieftains' founder and guiding spirit. "At the millennium in Dublin, they went a little bit mad and Trinity College made me an honorary doctor of music. I'm not making any house calls but I will be taking the ladies' pulses after the concert."

When he's composing, Moloney says, he's "trying to tell a story through the music and the arrangements. Exciting things happen with different combinations of instruments — mixing the flute with fiddle chords, or pipes, fiddle and tinpan — and bang — you're off into another tantrum. All of the time there's experimenting with new ideas, new overtones, new sounds coming into your head. It all leads to something."

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PEOPLE

Actors Seek Film Law

James Stewart and Burt Lancaster led a group that pleaded for the U.S. Congress to halt the "desecration" of their classic movies by such things as the coloring of black and white films. Lancaster played the fast-talking tough guy and Stewart his drawing partner during meetings with members of Congress and reporters regarding creation of the original versions of Hollywood movies. Stewart said he came to Washington because he was appalled by the colorization of one of his most memorable films, Frank Capra's 1946 "It's a Wonderful Life," after Ted Turner bought the rights to the movie.

Queen Elizabeth, Britain's first person, will get a pay raise this year of £173,900 (about \$321,000) from a total salary of £1 million, the British government announced. In all, a total of £5,922,300 in public tax money goes to support the royal family.

An American, the first mountaineer to conquer North America's highest peak alone in winter and survive, left a Japanese flag atop Mount McKinley to honor the man who did it before him. Vern Tejas, 35, a guide from Taiketa, Alaska, ended a month-long ordeal Tuesday, when he was picked up by plane on McKinley's flank and flown to Anchorage. During the climb Tejas often thought about the Japanese climber Naomichi Uemura, the only other person to reach the 20,320-foot (6,193-meter) summit in a solo winter climb who disappeared during his descent in February 1984.

Lake Wobegon is turning out to be too lucrative for Garrison Keillor to abandon it altogether. Keillor said a new conference in New York to say that he's planning a Second Annual Farewell Performance of his "A Prairie Home Companion" at Radio City Music Hall in June. "It was so much fun leaving that we're coming back to say goodbye again," he said.

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